

Transatlantic Programs Center
Standard Operating Procedures (SOP)
For Task Orders on Balkans Support Contract (BSC)

23 Nov 99

1. **PURPOSE:** To provide a "Step by Step" guide to process Task Orders on the Balkans Support Contract.
2. **BACKGROUND:** This mission was originally part of the Logistics Civil Augmentation Program (LOGCAP) contract that expired on August 2, 1997. An Indefinite Delivery/Indefinite Quantity (IDIQ) contract was awarded May 30, 1997, on a sole-source basis, with a completion date of May 29, 1999. A competitively awarded IDIQ contract, with Cost Plus Award Fee Task Orders, was awarded February 19, 1999. The current contract is for one (1) basic contract year, with four (4) one-year options. This contract has a performance-based scope of work (SOW) to provide services and temporary construction for the support of United States Troops and Multi-national Forces. Note: Excluding the world-wide planning portion of the LOGCAP contract, the scope of work and procedures are nearly identical for all three contracts.
3. **REFERENCES:**
 - a. MIL-HDBK-245B - Preparation of Statement of Work (SOW).
 - b. Federal Acquisition Regulation (FAR) - Part 37 - Service Contracting.
 - c. Procurement Information Circular (PIC 98-7) - Delivery Order and Task Order Contracts.
 - d. A Guide to Best Practices for Performance-based Service Contracting, October 1999 (see URL <http://www.arnet.gov/BestP/PPBSC/BestPPBSC.html>).
4. **DEFINITIONS:** See attached (Appendix A).
5. **OPERATIONAL PROCEDURES:**
 - a. Scope of Work (SOW): The SOW is performance based and is contained in the basic contract. It describes the work in terms of "what" is to be the required output rather than either "how" the work is to be accomplished or the number of hours to be provided. It provides the maximum amount of flexibility available to the Procuring Contracting Officer (PCO) to meet the customer's (USAREUR DCSLOG) requirements.

--The SOW is currently divided into the following geographical locations: Houston Support, Hungary, Bosnia, Macedonia and Kosovo, but can be expanded to encompass any area within the United States Army Europe (USAREUR) area of operation. The SOW for each geographical location contains descriptions of ongoing recurring services and "Be Prepared"

missions for future work which can be activated if required. The full description of what the requiring activity wants is stated in the SOW.

b. Processing New Work: Initially, new work requirements (which are generic in nature) are passed by the End User to the BCCA/G-4. If BRS is given the mission, further refinements of the statement of work are made as a continuing dialogue between the End User, BCCA/G-4 and the Contractor to describe “what” (the desired result) the government wants. This gives BRS great freedom to use its corporate talents and expertise to execute the Task Order economically, efficiently and effectively, using the latest commercial techniques and innovations. All new work is categorized as either recurring services or unprogrammed new work for a one-time service.

(1) In performance-based specifications, the contractor provides a concept of “how” the work will be accomplished. The government has the responsibility to review the contractor concept and to insure that the government minimum requirements are met, and are in accordance with the base camp standards. All stakeholders (i.e., BCCA, G-4, ACO, End User and contractor) must participate in defining/refining the government’s true needs. During the dialogue process, the contractor has a responsibility to express best practices to accomplish the work, which may differ from government expectations (i.e. DINS versus UL electrical standards). Note: the meeting with BRS should not provide direction that compromises BRS’s responsibility or ability to manage under the contract. Once agreement by all stakeholders is accomplished and the final requirement is defined/refined, it is presented to the ACO.

(2) Only the PCO or ACO can request Rough Order of Magnitude Cost Estimates (ROMs), because they are the only officials authorized to direct work on the contract. Other organizations that may need cost information, such as the BCCA, G-4, USAREUR DCSLOG staff, and others, must channel their request through the ACO or PCO. At a minimum, ROMs are requested on all new work requests over \$2,500. The ROM is simply a programming and planning tool/decision aid for supported commands and staffs. It serves as a “flash card.” The ROM provides the tools for the commanders on the ground to apply good business judgments in determining the optimal use of limited resources. It should be noted that ROM’s are not prepared in accordance with the contractor’s approved estimating system and do not require submission of certified cost and pricing data by the preparer. The accuracy of a ROM is dependent upon the completeness of the team-developed parameters and the time given to prepare the ROM.

(3) Because ROMs contain Proprietary Information about the contractor’s cost and method of performing the work, the ACO must take a single copy of the complete ROM to the JARB, allow the JARB members an opportunity to review, and must safeguard the ROM once the discussion on the proposed new work is completed. These procedures are in place due to past unauthorized release of ROMs. The ACO must provide a summary sheet depicting the major elements of cost, e.g. labor, materials, equipment, etc. to each voting member of the JARB. This document is for their use and subsequent reference. The ACO then maintains the complete ROM at their office for further review or reference by the BCCA, G-4, and other staff principals who need information for official uses. Upon receipt of a ROM, new work requirements are processed through the JARB, where a validation and resource analysis process

is conducted and the new work requirement is either tabled, disapproved, or approved. If approved at the JARB level, the new work requirement will either be sent to the Task Force Commander or USAREUR for further approval in accordance with established cost approval levels listed in Para C below. Once final approval has been obtained, the contractor is issued a NTP as appropriate by either the ACO or the PCO. (Appendix B)

(4) Due to the nature of the contract, urgency of the services required and a rapidly changing environment, conventional contracting procedures slow responsiveness, therefore verbal NTPs and Requests for Proposal (RFPs) are frequently issued by the PCO. These verbal NTPs and RFPs are followed-up by e-mail confirmation to include funding breakout if applicable and by formal modification at a later date.

c. Cost Approval Levels:

(1) New work requirements of up to \$1,000.00 are approved by the Base Camp Mayor and forwarded to the ACO for issuance of a Notice-to-Proceed (NTP).

(2) New work requirements of \$1,000.00 to \$2,500.00 are forwarded by the End User through the Base Camp Coordinating Agency (BCCA)/G-4 for JARB approval.

(3) New work requirements of \$2,500.00 to \$100,000.00 are forwarded by the End User through the BCCA/G-4 for JARB and Task Force Commander approval.

(4) New work requirements of \$100,000.00 and over are forwarded by the End User through the BCCA/G-4 for JARB and USAREUR DCSLOG approval.

d. Funding Procedures:

(1) All funding placed on this contract is provided by USAREUR. Although it is the least preferred method, current funding constraints necessitate incremental funding. Utilizing cost reports and input from the ACOs and contractor representatives, total funding received from USAREUR is divided and spread among all Task Orders for recurring services and new work, based on known and anticipated burn rates.

(2) Basic pricing of each Task Order consists of four (4) cost elements: Estimated Cost, Base Fee (1% of Estimated Cost), Award Fee (8% of Estimated Cost) and Facilities Capital Cost of Money (FCCM). Prorated portions of these cost elements are committed or obligated when incremental funding is provided. (Note: The prorated portion of Award Fee funds is committed (set aside) until the Award Fee Evaluation Board meets and the Fee Determining Official determines the earned award fee.)

(3) Funding for recurring services is tracked by the contractor and the PCO; funding for Unprogrammed New Work is tracked by the ACOs utilizing a "checkbook." Prior to issuance of a formal Task Order modification, the PCO provides the ACOs with a total breakdown of funding that will be added to the Task Order under Unprogrammed New Work for tracking by the ACO in their "checkbook." The funding breakdown is provided via e-mail

utilizing an Excel Spreadsheet formula developed by the CETAC Cost and Price Analyst and the contractor's procurement pricing team, and includes current DCAA audited rates. All cost elements are shown, however the ACO is responsible for tracking the Estimated Cost portion only.

6. **SUMMARY**: This contract has continually evolved since inception, to create a document that is efficient, cost effective and gets the job done for our troops. The step-by-step Task Order process described in this SOP is illustrated through examples located in Appendix C.

APPENDIX A

DEFINITIONS AND TERMS:

Commit - When services/work and Levels of Effort for Unprogrammed New Work are definitized, the award fee pool is committed, and is unavailable for other uses.

Definitize - Recurring services (synonymous with “mission work”) or Unprogrammed New Work are considered definitized when a proposal has been received from the contractor, a cost and price analysis has been completed, negotiations are concluded, and a task order or contract modification is issued. The process of definitizing work establishes the base fee and award fee pool.

End User - Is any government entity serviced by this contract (e.g. Camp Mayor, Commanding General, Government Functional Managers (i.e. food service, laundry, law enforcement, and airport operations).

Fund - Recurring services and Unprogrammed New Work are considered funded when a task order or contract modification has been issued that obligates monies for the execution of that services or work. Normally, recurring services will be incrementally funded as monies are made available to CETAC from USAREUR ODCSLOG. USAREUR ODCSLOG funds all work performed under the BSC through the Economy Act Order via Military Interdepartmental Purchase Requests (MIPRs). These MIPRs are received and accepted by CETAC prior to the PCO giving guidance to the ACOs to issue direction to the contractor to start the new work or services. All incremental funding actions will be accomplished by contract modification. Note: the ACOs need not concern themselves with the funds administration of recurring services. Additionally, the PCO will issue written direction, in the form of an e-mail message that requests the start of Unprogrammed New Work or increases the funding level of an existing Unprogrammed New Work WBS. This message will include the amount of Estimated Cost. This Estimated Cost establishes the “checkbook” balance from which the ACO can issue NTPs. This “checkbook” and the monies contained therein are strictly for use by the ACO. Completion of the formal modification will be accomplished as soon as possible, normally within 4 weeks after the PCO or other CETAC Contracting Officer issues electronic or verbal approval of the new or increased requirement.

Integrated Product Team (IPT) - A team arrangement involving all government and contractor stakeholders in which methods, decisions and procedures are jointly developed and implemented. IPT members are assigned by their organizations and are empowered to make decisions.

Level of Effort (LOE) - Work that is performed on a Level of Effort basis is funded with a definitized pot of money for a specified period of time. All Unprogrammed New Work is performed on a Level of Effort basis. The definitization process for Level of Effort work establishes the Estimated Cost, Base Fee, award fee pool, and Facilities Capital Cost of Money (FCCM) amounts.

Notice to Proceed (NTP) - An NTP is issued by the ACO to the contractor on any Unprogrammed New Work projects that have received the appropriate approval(s). This NTP gives the contractor authority to incur cost against that project.

Performance-Based Contracting - Means structuring all aspects of an acquisition around the purpose of the work to be performed as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work.

Performance Specifications - Definition extracted from the Armed Services Board of Contract Appeals 14447, 72-2 BCA, para 9626 :

“Performance specifications set forth operational characteristics desired for the item. In such specifications design, measurements and other specific details are not stated nor considered important so long as the performance requirement is met. Where an item is purchased by a performance specification, the contractor accepts general responsibility for design, engineering and achievement of the stated performance requirements. The contractor has general discretion and election as to detail but the work is subject to the Government’s reserved right of final inspection and approval or rejection.”

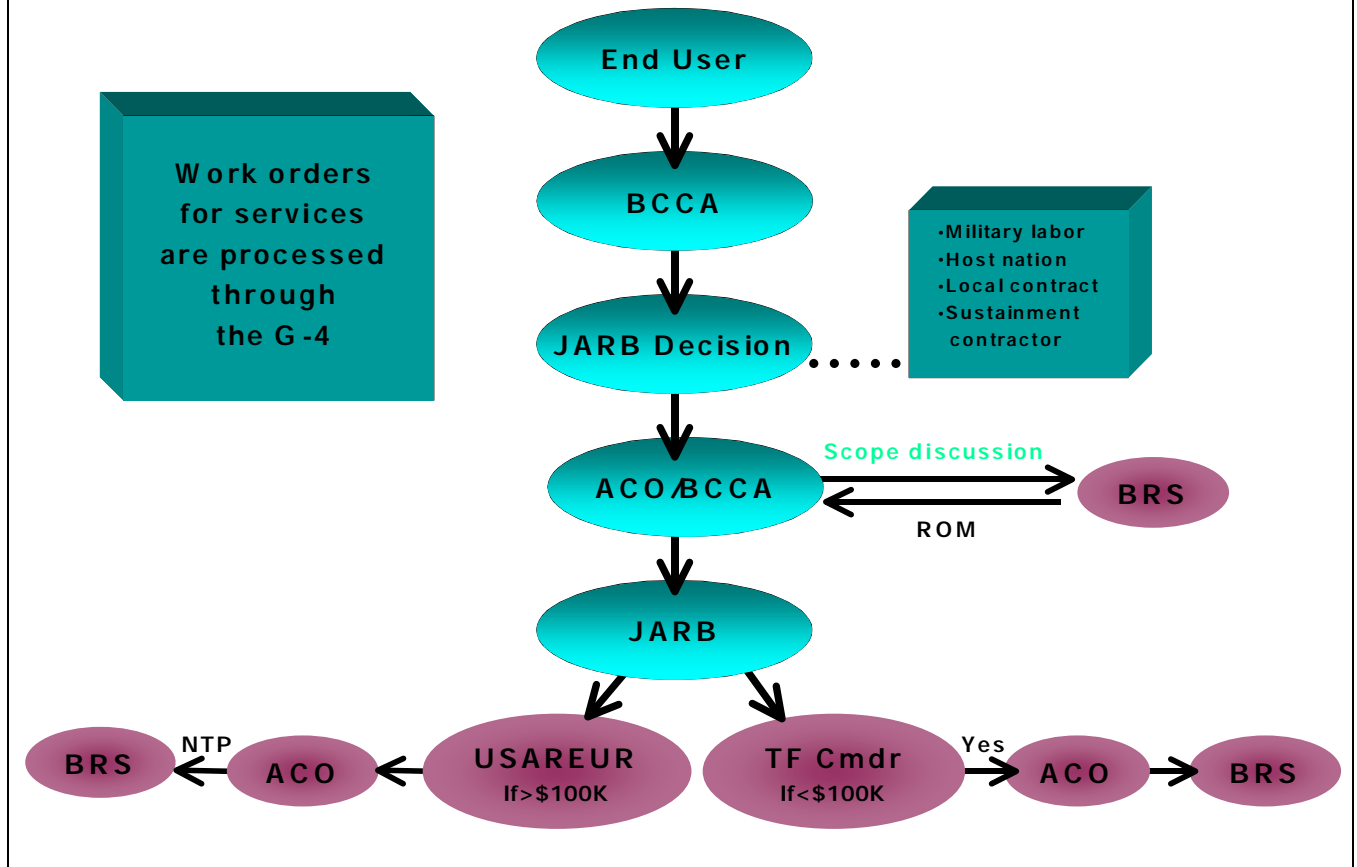
“In general, performance specifications advise the contractor what the final product must be capable of accomplishing rather than describing how it is to be built or its design characteristics.”

Rough Order of Magnitude (ROM) - A ROM is completed by the contractor as a rough estimate of costs for a particular service. The customer, USAREUR DCSLOG, requested the use of ROM’s to aid HQ USAREUR’s decision processes. ROM’s are not prepared in accordance with the contractor’s approved estimating system and do not require certification by the preparer. The accuracy of a ROM is dependent upon the completeness of the team-developed parameters and the time given to prepare the ROM.

Service Contract - means a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply.

APPENDIX B

New Work Process - Facilities



APPENDIX C

EXAMPLE 1

NSE AIR FORCE SERVICES RIGHT-SEATING

On 1 February 1999 the Procuring Contracting Officer (PCO) is notified by the customer (USAREUR DCSLOG) that the U.S. Air Force is considering reducing the size of its force in Hungary and is considering placing the services performed by the airmen with Brown & Root Services (BRS) on the Balkans Support Contract. The services being considered are highly technical or require a multitude of reports that are found in various Air Force manuals. The customer and the Air Force representatives agree the majority of the duties for these services will require BRS to “right seat” with the Air Force for at least 30 days prior to full assumption of duties. These services are contained in the contract as “Be Prepared” missions.

Discussions continue for the next month and finally, on 1 March 1999, the customer is notified the Air Force wants these services, with full assumption to begin on 1 May 1999. The Administrative Contracting Officer (ACO) is notified of the request by the PCO and dialogue begins between the ACO, G-4, end user (Air Force) and BRS to establish the requirements for the statement of work (SOW) or the “What” (what the government wants). BRS provides their concept of the operations or the “How” (how BRS intends to perform these services) for the government to review. Further dialogue is necessary to discuss BRS’s best business practices and the government’s expectations. The process takes 10 days. Upon agreement of the SOW or “What”, the ACO requests a Rough Order of Magnitude (ROM) estimate. An emergency Joint Acquisition Review Board (JARB) meeting is requested and convened on 10 March 1999. The JARB recommends approval of this new mission. Because the dollar value of the action is over \$100,000 it requires USAREUR DCSLOG approval. That approval is received from ODCSLOG on 15 March 1999 and the PCO is notified on the same date. Funds are transferred from the Air Force to USAREUR. Because the services are recurring, the PCO must turn the work on.

In determining the appropriate course of action, the PCO considers the facts that “right seating” will require 30 days, BRS must hire qualified people and have them ready to assume the “right seating” mission no later than 1 April 1999, and services are to begin on 1 May 1999. However, in order to actualize the requirement, funds must be transferred to the Contracting Activity (CETAC) via a MIPR. The Project Manager notifies the PCO as soon as the MIPR is received, funds are loaded, and the CETAC Budget Office generates an acceptance (DD form 448-2). The PCO verbally turns-on BRS to perform the work and then informs the ACO in Hungary of the turn-on. The PCO’s staff then issues a written “Undefinitized Change Order” (UCO) to BRS. This UCO requests a proposal, and provides a definitization schedule with a “not to exceed” funding amount (1/2 of the estimated cost). Negotiations begin upon receipt of BRS’s proposal. Once negotiations are complete and an agreement is reached between the PCO and BRS, a formal modification to the contract is made. This process can take as little as 3 to 4 weeks on simple actions to 10 to 12 weeks on more complex actions, from verbal turn-on by the PCO to finalized modification.

EXAMPLE 2

KOSOVO TASK ORDER INITIATION

On or about 30 May 1999 the customer (USAREUR DCSLOG) notified the Procuring Contracting Officer (PCO) that planning must begin to establish SOW's for Macedonia and Kosovo. Services for Macedonia were currently being performed under a Task Order under the basic contract, however, at a smaller scale. Planning that had been going on for several months to provide support for operations in Kosovo, using Macedonia as a staging base, were set aside because the concept for entry of the U.S. military changed from one of forced entry to a peaceful entry.

In order to facilitate support to the troops in the near future (date not yet determined), an Integrated Product Team (IPT) was assembled to develop the SOW's for these countries. The IPT met 14-15 June 1999 at the customer's request. Members of the IPT came from the customer (USAREUR DCSLOG), USAREUR DCSENG, CETAC, DCMC-SE, DCMC (Houston), DCAA (Houston), and the contractor. Opening IPT discussions with the DCSENG and DCSLOG representatives revealed that services could be identified for Macedonia, however, neither the type nor quantity of services and temporary construction of facilities in Kosovo could be identified.

The IPT agreed on the Macedonia SOW and decided to handle Kosovo with a Level of Effort (LOE), Unprogrammed New Work WBS for the temporary construction work, and a SOW for the services portion. The IPT agreed that since the need-date for both the services and temporary construction was undetermined, BRS would procure needed equipment under the LOE WBS. The IPT agreed the equipment was incidental to the temporary construction or services. The IPT also decided that since we could not determine how many dollars would be spent between 14 Jun - 30 Sep 99 (the Task Order term), we would establish a conservative dollar amount for the LOE, in the amount of \$50M. It should be noted that had we established a much higher LOE figure, the government would have paid base and award fee on that amount. The customer, USAREUR DCSLOG requested that we proceed. After receipt of funds, on 19 June 1999 the Kosovo LOE was turned on by the PCO. Because this was a funding action to place this LOE on the Task Order, the PCO negotiated the LOE and turned the work on.

When establishing the LOE, certain monies were automatically pulled from the \$50M for the 1% Base Fee established in the contract, the 8% Award Fee commitment Pool, and Facilities Capital Cost of Money. The remainder of the \$50M was placed in the ACO's checkbook for expenditure on projects as they arose. Each project over \$2,500 was staffed through the Joint Acquisition Review Board (JARB). Projects estimated at less than \$100,000 were approved by the Task Force Commander. Projects over \$100,000 were sent to USAREUR DCSLOG for final approval.

As time went on, the LOE was adjusted to meet camp construction requirements and several modifications to the contract were written to increase the LOE amount (to \$200M+). Each modification was a Change Order to the contract and was handled the same as above.